

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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TOWN OF FRAMINGHAM REQUEST FOR)	
DETERMINATION OF RATES APPLICABLE TO)	D.T.E. 02-46
TRANSPORTATION AND TREATMENT OF SEWAGE)	
PURSUANT TO INTERMUNICIPAL AGREEMENT)	
)	

TESTIMONY OF ROBERT ADDELSON
ON BEHALF OF THE TOWN OF FRAMINGHAM

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1 Q: Please state your name for the record.

2 A: Robert Addelson.

3 Q: What is your residential address?

4 A: 17 Warner Street, Concord, MA 01742.

5 Q: Your date of birth?

6 A: October 4, 1950.

7 Q: Are you an employee of the Town of Framingham?

8 A: Yes, I am.

9 Q: What is your position with Framingham?

10 A: I am the Chief Financial Officer.

11 Q: How long have you held that position?

12 A: Since January, 2001.

13 Q: On whose behalf are you offering testimony?

14 A: On behalf of the Town of Framingham.

15 Q: Thank you. Could you please describe your educational
16 background.

17 A: I hold a bachelor's degree from North Carolina State
18 University in Forest Management and a Master's Degree in City
19 and Regional Planning from the University of North Carolina at
20 Chapel Hill.

21 Q: Do you currently have any professional affiliations?

1 A: I am a member of the Massachusetts Governmental Finance
2 Officer's Association and the International City Managers'
3 Association

4 **Q: Please state your employment history through the date you**
5 **became Chief Financial Officer for the Town of Framingham.**

6 A: From 1987 to 1995, I held various positions with the Local
7 Services Division of the Massachusetts Department of Revenue,
8 the division that oversees the municipal finance operations of
9 all municipalities in the Commonwealth from 1995 to 2000, I was
10 the Director of Finance for the Town of Needham. The position
11 of Chief Financial Officer is the only position I have held with
12 the Town of Framingham since coming to work for the Town in
13 January, 2001.

14 **Q: As Chief Financial Officer for the Town of Framingham, what**
15 **are your principal job functions?**

16 A: As Chief Financial Officer, I report to the Town Manager,
17 George P. King, Jr. I have responsibility for the preparation
18 of the recommended annual operating and capital budgets of the
19 Town, and management of the accounting, treasury, collection,
20 and assessing functions of the Town.

21 **Q: What responsibilities do you have vis-à-vis Framingham's**
22 **wastewater collection system?**

23 A: As Chief Financial Officer, I solicit annual budget
24 requests from the managers of the Town's sewer system. I review

1 these requests and then recommend a proposed annual budget to
2 the Town Manager. This budget is ultimately submitted to Town
3 Meeting for review and approval. In addition, each spring I
4 compile financial and consumption data and use it in calculating
5 recommended wastewater rates that are submitted to the Board of
6 Selectmen for review and approval.

7 **Q: In your capacity as Chief Financial Officer, have you had**
8 **the opportunity to review a report prepared by SEA Consultants,**
9 **Inc., titled "Sewer Rate Assessment Study," a copy of which has**
10 **been marked as Exhibit FR-2?**

11 A: I have reviewed that report, and I am familiar with its
12 contents.

13 **Q: Did you play any part in commissioning that report?**

14 A: No.

15 **Q: Do you have any knowledge regarding the terms of any**
16 **agreements between Framingham and the Town of Ashland regarding**
17 **Framingham's transportation of Ashland's wastewater to the FES?**

18 A: I am generally aware of an Intermunicipal Agreement between
19 the parties dated December 9, 1963. I played no part in
20 negotiating the terms of that agreement, and have no knowledge
21 regarding the parties' intent in including any of the provisions
22 in the agreement.

23 **Q: Mr. Addelson, can you please describe the Town's budget**
24 **process as it relates to the wastewater collection system?**

1 A: Yes. The Town maintains a Sewer Enterprise Fund. All fees
2 collected from users of the wastewater collection system,
3 including the fees collected from Ashland under the parties'
4 current IMA, are deposited into this Fund. In the winter of
5 each year, I solicit budget requests from the Director of Public
6 Works detailing the amounts required, by line item, for
7 operation of the sewer department in the subsequent fiscal year
8 that begins on July 1. I also solicit capital budget requests
9 for items in excess of \$25,000 and with a useful life of 5 years
10 or greater. Upon receipt of these operating and capital budget
11 requests, I will review, modify and make recommendations to the
12 Town Manager on a proposed budget. This budget ultimately is
13 submitted to Town Meeting for review and approval.

14 After the close of each fiscal year, my staff reconciles actual
15 amounts spent on the sewer system in the prior year with the
16 estimated expenses, and actual revenues with estimated revenues.
17 Upon completion of these reconciliations, a balance sheet is
18 prepared and changes in fund retained earnings are presented.

19 **Q: I'd like to ask you to review the table marked as Exhibit**
20 **FR-4. Does this table accurately reflect the actual operations**
21 **and maintenance expenses for Framingham's sewer system in each**
22 **year from 1997 to 2001?**

23 A: Yes.

1 **Q: Does Framingham's annual operations and maintenance data**
2 **for its sewer system include both fixed and variable costs?**

3 A: Yes. The fixed costs include expenditures that are not
4 readily subject to change due to changes in the level of
5 services provided. Examples would be debt service and property
6 and liability insurance. The variable costs include
7 expenditures that are readily subject to change due to changes
8 in the level of services provided. Examples would be salaries,
9 benefits, maintenance expenses, etc.

10 **Q: Does Framingham's annual operations and maintenance data**
11 **for its sewer system include both direct and indirect costs?**

12 A: Yes. The direct costs are those amounts appropriated by
13 Town Meeting for the operation of the sewer system and include
14 salaries of sewer department employees, expenses incurred by the
15 sewer department for the repair and maintenance of the sewer
16 system, and the administration of the sewer operation. The
17 indirect costs include those expenditures made by town
18 departments other than the sewer department that support the
19 operation of the sewer department. Examples include, but are
20 not limited to, an allocable share of the cost of the
21 treasurer/collector's office that supports the collection of
22 sewer bills; an allocation of the cost of the DPW Fleet Services
23 Department in repairing sewer vehicles and equipment; an
24 allocation of the cost of the Technology Services Department in

1 supporting data processing needs of the sewer department; and an
2 allocation of the Town's annual pension assessment that supports
3 sewer employees.

4 **Q: With respect to "indirect personnel costs," please describe**
5 **how those are calculated.**

6 A: These costs generally are allocated based on an estimate of
7 the percentage of time a particular employee spends in support
8 of the sewer operation, and then applying that percentage to the
9 employee's annual salary.

10 **Q: To the best of your knowledge, is every user of the**
11 **Framingham sewer system charged for all direct costs, such as**
12 **pumping station costs, even if certain users do not utilize the**
13 **pumping stations?**

14 A: Yes. The basic methodology is that total system discharge
15 in hundreds of cubic feet (HCF) is allocated to different rate
16 tiers (the town has a three-tier conservation rate) based on
17 allocation percentages developed by a consultant hired by the
18 Town around 1999. Then, for each tier, an average cost per HCF
19 is calculated. These tier rates are charged to all customers
20 depending on their total annual consumption.

21 **Q: To the best of your knowledge, is every user of the**
22 **Framingham sewer system charged a pro rata share of indirect**
23 **costs, even if the user does not benefit directly from all such**
24 **costs?**

1 A: Yes.

2 Q: Why is this?

3 A. Both direct and indirect costs comprise part of the real
4 total cost of operating the Sewer Enterprise Fund. As such, all
5 costs of operating the system must be recovered from each user
6 on a *pro rata* basis.

7 Q: Does this conclude your testimony?

8 A: Yes.

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